

OMB No. 0608-0053: Approval Expires 11/30/2003	BEA USE ONLY	Reporter ID Number	A
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FORM BE-11A (Report for Nonbank U.S. Reporter)
(REV. 12/2001)

U.S. DEPARTMENT OF COMMERCE
BUREAU OF ECONOMIC ANALYSIS

MANDATORY — CONFIDENTIAL

ANNUAL SURVEY OF U.S. DIRECT INVESTMENT ABROAD – 2001

<div>MAIL REPORTS TO: U.S. Department of Commerce Bureau of Economic Analysis BE-69(A) Washington, DC 20230</div> <div>OR</div> <div>DELIVER REPORTS TO: U.S. Department of Commerce Bureau of Economic Analysis BE-69(A) Shipping and Receiving, Section M-100 1441 L Street, NW Washington, DC 20005</div>	1. Name and address of U.S. Reporter
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IMPORTANT

Please review the *Instruction Booklet*, which contains definitions and reporting requirements, before completing this form. **"Additional" Instructions** specific to line items and **"Special" Instructions** for dealers in financial instruments and finance, insurance, and real estate companies are provided at the back of this form.

- Who must report** — Form BE-11A must be filed by each nonbank U.S. person that has a foreign affiliate reportable in this survey. Data on Form BE-11A pertain to the fully consolidated U.S. **domestic** business enterprise. **DO NOT FULLY CONSOLIDATE OPERATIONS OF FOREIGN AFFILIATES ON FORM BE-11A.** Report data pertaining to the operations of foreign affiliates on Forms BE-11B(LF), BE-11B(SF), or BE-11C. See *Instruction Booklet*, Part I, for detailed reporting requirements.
- U.S. Reporter’s 2001 fiscal year** — The U.S. Reporter’s financial reporting year that has an ending date in calendar year 2001. See *Instruction Booklet*, Part II.A.
- Due date** — A completed BE-11 report is due May 31, 2002.

Bil.	Mil.	Thous.	Dols.
	1	335	

- Currency amounts** — **Report in U.S. dollars rounded to thousands (omitting 000). Do not enter** amounts in the shaded portions of each line. **EXAMPLE** – If amount is \$1,334,891.00, report as

If an item is between + or – \$500.00, enter "0." Use parenthesis () to indicate negative numbers.
- Contact us for help** — Telephone: 202–606–5566; FAX: 202–606–5312 or –5317; E-mail: be10/11@bea.doc.gov.

Public reporting burden for this BE-11 report (**comprising Form BE-11A and Form(s) BE-11B(LF), BE-11B(SF) and/or BE-11C**) is estimated to vary from 4 to 3,000 hours per response, with an average of 68.4 hours per response. This burden includes time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate to Director, Bureau of Economic Analysis (BE-1), U.S. Department of Commerce, Washington, DC 20230; and to the Office of Management and Budget, Paperwork Reduction Project 0608-0053, Washington, DC 20503.

MANDATORY	▶ This survey is being conducted under the International Investment and Trade in Services Survey Act (P.L. 94-472, 90 Stat. 2059, 22 U.S.C. 3101–3108, as amended – hereinafter "the Act"), and the filing of reports is mandatory under Section 5(b)(2) of the Act (22 U.S.C. 3104).
CONFIDENTIALITY	▶ The Act provides that your report to this Bureau is CONFIDENTIAL and may be used only for analytical or statistical purposes. Without your prior written permission, the information filed in your report CANNOT be presented in a manner that allows it to be individually identified. Your report CANNOT be used for purposes of taxation, investigation, or regulation. Copies retained in your files are immune from legal process.
PENALTIES	▶ Whoever fails to report shall be subject to a civil penalty of not less than \$2,500, and not more that \$25,000, and to injunctive relief commanding such person to comply, or both. Whoever willfully fails to report shall be fined not more than \$10,000 and, if an individual, may be imprisoned for not more than one year, or both. Any officer, director, employee, or agent of any corporation who knowingly participates in such violations, upon conviction, may be punished by a like fine, imprisonment or both. (22 U.S.C. 3105) Notwithstanding any other provision of the law, no person is required to respond to, nor shall any person be subject to a penalty for failure to comply with, a collection of information subject to the requirements of the Paperwork Reduction Act, unless that collection of information displays a currently valid OMB Control Number.

PERSON TO CONSULT CONCERNING QUESTIONS ABOUT THIS REPORT				CERTIFICATION – The undersigned official certifies that this report (consisting of Form BE-11A and Form(s) BE-11B(LF), BE-11B(SF), and/or BE-11C) has been prepared in accordance with the applicable instructions, is complete, and is substantially accurate except that, in accordance with Part IV.D. of the <i>Instruction Booklet</i> , estimates have been provided where data are not available from customary accounting records or precise data could not be obtained without undue burden.					
Name									
Address									
Authorized official’s signature								Date	
Print or type name and title									
Telephone	Area code	Number	Extension						
FAX Number				Telephone	Area code	Number	Extension		
E-mail address				FAX Number					

Part I – IDENTIFICATION OF U.S. REPORTER

See **Additional Instructions** for Part I on page 6 at the back of this form.

2. If the U.S. Reporter is a corporation, is the corporation owned to the extent of more than 50% of its voting stock by another U.S. business enterprise?

1003

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Yes — Complete the "BE-11, CLAIM FOR NOT FILING." On the claim, mark (X) box number B.4 and enter the name and address of U.S. business enterprise with whose data your data will be consolidated in accordance with the definition of fully consolidated U.S. domestic business enterprise. (See **Instruction Booklet**, Part I.B.1.b.) Submit the claim to BEA and forward the remainder of the BE-11 survey packet to the U.S. business enterprise with whose data your data will be consolidated. If this cannot be done, please contact us for further instructions.

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No — Complete the remainder of this form.

3. Employer Identification Number(s) used by U.S. Reporter to file income and payroll taxes. Show additional numbers on a separate sheet if necessary.

1004

1

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2

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4. The number of foreign affiliate reports (Form BE-11B(LF), BE-11B(SF), and BE-11C) that you are required to file.

1005

1

Number of foreign affiliate BE-11B(LF) and BE-11B(SF) reports submitted.

2

Number of foreign affiliate BE-11C reports submitted.

5. The ending date of this U.S. Reporter’s 2001 fiscal year.

1006

Month	Day	Year
1		2001

6. Is the U.S. Reporter named in item 1 a U.S. affiliate of a foreign person and required to file a Form BE-15, Annual Survey of Foreign Direct Investment in the United States — 2001?

1010

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Yes — Go to item 7.

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No — Skip items 7 and 8 and continue with item 9 (Major activity of fully consolidated domestic U.S. Reporter).

7. Does the U.S. Reporter named in item 1 file a BE-15(LF) long form?

1011

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Yes — Complete **only** items 29 through 32 on the remainder of this BE-11A form. Complete BE-11B/C form(s), as required.

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No — Go to item 8.

8. Does the U.S. Reporter named in item 1 file a BE-15(SF) short form?

1012

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Yes — Do not complete the remainder of this BE-11A form. Complete BE-11B/C form(s), as required.

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No — Continue with item 9 (Major activity of fully consolidated domestic U.S. Reporter).

9. Major activity of fully consolidated domestic U.S. Reporter — Mark (X) one.

A list, and explanation, of the International Surveys Industry (ISI) codes used below are given in the **Guide to Industry and Foreign Trade Classifications for International Surveys**. For an inactive U.S. Reporter, base the activity on its last active period.

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Production of goods — The U.S. Reporter is primarily engaged in construction, mining or extracting (including exploration and development), manufacturing, fabricating, assembling, processing, or growing a good. These activities are coded in 1110 through 1140, 2111 through 2127, 2330 through 2350, and 3111 through 3399 of the list of ISI codes.

1

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Sales of goods — The U.S. Reporter is primarily engaged in selling (at wholesale or retail) goods that it does not produce. These activities are coded in 4211 through 4540 of the list of ISI codes.

1

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Services — The U.S. Reporter is primarily engaged in providing a service such as utilities, transportation and warehousing; information (including newspaper, periodical, book, and database publishers, and software publishers), finance and insurance; professional, scientific, and technical services; holding companies; administrative and support, waste management and remediation; accommodations and food services (including restaurants, and eating places), etc. These activities are coded in 1150, 2132, 2133, 2211 through 2213, and 4810 through 8130 of the list of ISI codes.

10. What is the MAJOR product or service involved in this activity? If a product, briefly state what is done to it, i.e., whether it is mined, manufactured, sold at wholesale, packaged, transported, etc. (For example, "Manufacture widgets to sell at wholesale.") — Please print.

1014

Remarks

Part I – IDENTIFICATION OF U.S. REPORTER — Continued

Sales or gross operating revenues of fully consolidated domestic U.S. Reporter, by industry of sales or gross operating revenues. Enter in columns (1) and (2) respectively, the 4-digit ISI code(s) and the amount of sales or gross operating revenues associated with each code. For an inactive U.S. Reporter, enter an ISI code based on its last active period. See the Guide to Industry and Foreign Trade Classification for International Surveys for a full explanation of each code. (Holding companies (ISI code 5512) should use total income.)	ISI code		Sales or gross operating revenues			
	(1)		(2)			
	1		2	Bil.	Mil.	Thous.
11. Largest sales or gross operating revenues1015	1		2	\$		
12. 2nd largest sales or gross operating revenues1016	1		2			
13. 3rd largest sales or gross operating revenues1017	1		2			
14. 4th largest sales or gross operating revenues1018	1		2			
15. 5th largest sales or gross operating revenues1019	1		2			
16. 6th largest sales or gross operating revenues1020	1		2			
17. 7th largest sales or gross operating revenues1021	1		2			
18. 8th largest sales or gross operating revenues1022	1		2			
19. 9th largest sales or gross operating revenues1023	1		2			
20. 10th largest sales or gross operating revenues1024	1		2			
21. Sales or gross operating revenues not accounted for above1026			2			
22. TOTAL SALES OR GROSS OPERATING REVENUES — Sum of items 11 through 21. Must equal item 29.1027			2			
BEA USE ONLY	1029	1	2	3	4	5
	1129	1	2	3	4	5

23. Are (1) total assets, (2) sales or gross operating revenues, excluding sales taxes and (3) net income (loss), all less than or equal to \$100 million at the end of, or for, the U.S. Reporter’s 2001 fiscal year?

1028

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2

☐ Yes — Complete Part II **and** Part IV on the remainder of this Form BE-11A.

☐ No — Complete Part III **and** Part IV on the remainder of this Form BE-11A.

Part II – SELECTED FINANCIAL AND OPERATING DATA OF U.S. REPORTER

Complete ONLY if the answer to item 23 is "Yes."

		Amount			
		Bil.	Mil.	Thous.	Dols.
		1			
24. Net income (loss)	2031	\$			
25. Total assets	2032	1			
26. Total liabilities	2033	1			
27. Total number of employees — Report the total number of employees for the year. (See Part III, Section C, page 5, for explanation of "number of employees.")	2030	Number of employees			
		1			
28. BEA USE ONLY	2036	1			

IMPORTANT

►

If the answer to item 23 is "Yes" and you completed Part II, complete Part IV on the remainder of this form; do not complete Part III of this form.

Part III — FINANCIAL AND OPERATING DATA OF U.S. REPORTER

See *Additional Instructions* for Part III on page 6 at the back of this form.

Dealers in financial instruments and finance, insurance, and real estate companies see **Special Instructions** on page 6.

▶ **Section A — Distribution of Sales or Gross Operating Revenues**

Distribute sales or gross operating revenues among three categories — sales of goods, sales of services, and investment income. For the purpose of this distribution, "goods" are economic outputs that are tangible and "services" are outputs that are intangible. Sales of goods are usually associated with industry codes 1110 through 1140, 2111 through 2127, and 2330 through 4540. Report sales of structures as goods when sold by a real estate firm (code 5310). Sales of services are usually associated with industry codes 1150, 2132 through 2213, and 4810 through 8130. Some companies, such as finance and insurance companies (industry codes 5223, 5224, 5231 through 5252, and 5331), include services (e.g., commissions and premiums) and investment income (e.g., interest and dividends) in gross operating revenues. Allocate sales for such companies between their services and investment income components on lines 34 and 35. The disaggregation of sales by industry in this section should be consistent with that used in items 11 through 20. (Insurance companies also see **Special Instructions**, B.2.a., c., and d., page 6.)

		Amount			
		Bil.	Mil.	Thous.	Dols.
29. Sales or gross operating revenues — Gross sales minus returns, allowances, and discounts, or gross operating revenues, both exclusive of sales or consumption taxes levied directly on the consumer and excise taxes levied on manufacturers, wholesalers, and retailers. — Equals the sum of items 30, 31, and 32 and the sum of items 33, 34, and 35. ➔		1			
		\$			
• BY TRANSACTOR		1			
30.	Sales to U.S. persons	3101			
31.	Sales to foreign affiliates of this U.S. Reporter	3102			
32.	Sales to other foreign persons	3103			
• BY TYPE		1			
33.	Sales of goods	3148			
34.	Sales of services	3149			
35.	Investment income	3150			
▶ Section B — Net Income, Realized and Unrealized Gains (Losses), Taxes, and Interest					
36. Net income (loss) – After provision for U.S. income taxes. Also include: a. Income from equity investments in unconsolidated business enterprises (domestic and foreign); for those owned less than 20 percent report dividends. b. Non-operating income and extraordinary items (as defined by GAAP). c. Gains (losses) from the sale or liquidation of foreign affiliates. In accordance with FASB 52, these gains (losses) must be adjusted to include the closing balance in the foreign affiliate’s translation adjustment account.		1			
		3046			
37. Certain realized and unrealized gains (losses) included in the determination of net income, item 36 — Include gains (losses) net of income tax effect resulting from: a. Sale, disposition, or revaluation of investment securities. (<i>Dealers in financial instruments and finance and insurance companies see Special Instructions, A.1, page 6;</i>) b. Sale, disposition, or revaluation of land, other property, plant and equipment, or other assets. (<i>Real estate companies see Special Instructions, A.2, page 6;</i>) c. Remeasurement of the U.S. Reporter’s foreign-currency-denominated assets and liabilities due to changes in foreign exchange rates during the period and transaction gains (losses) taken to income in accordance with FASB 52; d. Extraordinary items (except those resulting from legal judgments, and accidental damage to fixed assets) and other unusual or infrequently occurring items.		1			
		3039			
38. U.S. income taxes — Provision for U.S. Federal, State, and local income taxes. <i>Exclude production royalty payments.</i>		1			
		3043			
39. Taxes (other than income and payroll taxes) and nontax payments (other than production royalty payments) — Report all such taxes and nontax payments whether or not included in revenues or expenses in the income statement. Include amounts paid or accrued for the year, net of refunds or credits, to Federal, State, and local governments, their subdivisions and agencies for: a. Sales, consumption, and excise taxes; b. Property taxes and other taxes on the value of assets or capital; c. Any remaining taxes (other than income or payroll taxes); and d. Import and export duties, license fees, fines, penalties, and all other payments or accruals of nontax liabilities (except production royalty payments).		1			
		3691			
40. Interest received — Interest received by the U.S. Reporter from, or credited to U.S. Reporter by, all payors (including foreign affiliates), net of tax withheld at the source. <i>Do not net against interest paid, item 41.</i>		1			
		3685			
41. Interest paid — Interest paid, or credited, to all payees (including foreign affiliates) by the U.S. Reporter, gross of tax withheld. <i>Do not net against interest received, item 40.</i>		1			
		3686			
42. BEA USE ONLY	1	2	3	4	5
3692					

Remarks

Part III – FINANCIAL AND OPERATING DATA OF U.S. REPORTER — Continued

See Additional Instructions for Part III on page 6 at the back of this form.

Section C — Number of Employees and Employee Compensation

NUMBER OF EMPLOYEES — Employees on the payroll at the end of FY 2001, including part-time employees, but excluding temporary and contract employees not included on your payroll records. A count taken at some other date during the reporting period may be given provided it is a reasonable estimate of employees on the payroll at the end of FY 2001. If the number of employees at the end of FY 2001 (or when the count was taken) was unusually high or low due to temporary factors (e.g., a strike), enter the number of employees that reflects normal operations. If the number of employees fluctuates widely during the year due to seasonal business variations, report the average number of employees on the payroll during FY 2001. Base such an average on the number of employees on the payroll at the end of each pay period, month or quarter. If precise figures are not available, give your best estimate.

EMPLOYEE COMPENSATION — Expenditures made by an employer in connection with the employment of workers, including cash payments, payments-in-kind, and employer expenditures for employee benefit plans including those mandated by government statute, such as the employer’s share of Social Security taxes. Base compensation data on payroll records. Report compensation which relates to activities that occurred during the reporting period regardless of whether the activities were charged as an expense on the income statement, charged to inventories, or capitalized. DO NOT include data related to activities of a prior period, such as those capitalized or charged to inventories in prior periods.

					Number of employees
					1
43. Total number of employees — Report the total number of employees for the year.	3253				
44. Total employee compensation — Report, for all employees, the sum of					Amount
					Bil. Mil. Thous. Dols.
a. Wages and salaries — Employees’ gross earnings (before payroll deductions), and direct and in-kind payments by the employer to employees; and					1
b. Employee benefit plans — Employer expenditures for all employee benefit plans.	3256				\$
Section D — Balance Sheet Items					Balance at close of fiscal year
					Bil. Mil. Thous. Dols.
NOTE — Do not fully consolidate your foreign operations. Include investment in foreign affiliates, including branches, on either a cost or equity basis.					1
45. Total assets	3366				\$
46. Total liabilities	3370				1
47. Total owners’ equity	3371				1
Section E — Property, Plant, and Equipment (PP&E) Expenditures					Amount
PP&E includes land, timber, mineral and like rights owned, structures, machinery, equipment, special tools, and other depreciable property; construction in progress; and capitalized tangible and intangible exploration and development costs, but excludes other types of intangible assets, and land held for resale. (Insurance companies see Special Instructions , B.2.e., page 6).					Bil. Mil. Thous. Dols.
					1
48. Expenditures for new and used property, plant, equipment (PP&E)	3577				\$
Section F — Research and Development (R&D) Expenditures					Amount
Include all costs incurred in performing R&D, including depreciation, amortization, wages and salaries, taxes, materials and supplies, allocated overhead, and indirect costs.					Bil. Mil. Thous. Dols.
					1
49. R&D performed by this U.S. Reporter — All R&D performed by this U.S. Reporter, whether for its own account or for others. Include the cost of R&D performed by this U.S. Reporter and allocated to its foreign affiliates. (DO NOT report such allocated R&D costs on Form BE-11B(LF), item 71, or Form BE-11B(SF), item 32.) Also, include R&D financed by the Federal Government. Exclude the cost of any R&D funded by the Reporter but performed by others.	3793				\$
50. BEA USE ONLY	1	2	3	4	5
3800					

Part IV — EXPORTS AND IMPORTS BY THE U.S. REPORTER

Goods only valued f.a.s. at port of exportation; do not include services

IMPORTANT NOTES

This section requires the reporting of exports and imports of goods by the U.S. Reporter in FY 2001. Report data on a "shipped" basis, i.e., on the basis of when and to (or by) whom the goods were shipped. This is the same basis as official U.S. trade statistics to which these data will be compared. Do **not** record a U.S. import or export if the goods did not physically enter or leave (i.e., were not physically shipped to or from) the United States, even if they were charged to the U.S. Reporter by, or charged by the U.S. Reporter to, a foreign person.

U.S. Reporters normally keep their accounting records on a "charged" basis, i.e., on the basis of when and to (or by) whom the goods were charged. The "charged" basis may be used if there is no material difference between it and the "shipped" basis. If there is a material difference, the "shipped" basis must be used or adjustments made to data on a "charged" basis to approximate a "shipped" basis, as discussed in the **Instruction Booklet**, Part V. Data in this section cover all goods that physically left or entered the U.S. customs area in FY 2001, including capital goods but excluding the value of ships, planes, railroad rolling stock, and trucks that were temporarily outside the United States transporting people or goods. Consigned goods must be included in the trade figures when shipped or received, even though not normally recorded as sales or purchases or entered into intercompany accounts when initially consigned. The data should include goods only; they should **exclude** services.

51. On what basis were the trade data in this section prepared? — Mark (X) one.

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"Shipped" basis

"Charged" basis without adjustments, because there is no material difference between the "charged" and "shipped" bases

Charged" basis with adjustments to correct for material differences between the "charged" and "shipped" bases.

If it is determined that there is a material difference between the "charged" and "shipped" bases and the data have not been filed on the "shipped" basis, or the necessary adjustments have not been made to put "charged" basis data essentially on a "shipped" basis, then BEA will require that the data be refiled.

• EXPORTS BY THIS U.S. REPORTER (Value f.a.s. U.S. port)	TOTAL	Shipped to its foreign affiliates	Shipped to other foreigners	
	(1)	(2)	(3)	
	Bil. Mil. Thous. Dols.	Bil. Mil. Thous. Dols.	Bil. Mil. Thous. Dols.	
52. Total goods shipped in FY 2001 by this U.S. Reporter to foreigners	4102	1	2	3
		\$	\$	\$
• IMPORTS BY THIS U.S. REPORTER (Value f.a.s. foreign port)	TOTAL	Shipped by its foreign affiliates	Shipped by other foreigners	
	(1)	(2)	(3)	
	Bil. Mil. Thous. Dols.	Bil. Mil. Thous. Dols.	Bil. Mil. Thous. Dols.	
53. Total goods shipped in FY 2001 to this U.S. Reporter by foreigners	4103	1	2	3
		\$	\$	\$

ANNUAL SURVEY OF U.S. DIRECT INVESTMENT ABROAD — 2001
FORM BE-11A

ADDITIONAL INSTRUCTIONS BY LINE ITEM

Part I — IDENTIFICATION OF U.S. REPORTER

11.—21.

Sales or gross operating revenues of fully consolidated domestic U.S. Reporter by industry of sales or gross operating revenues. (Dealers in financial instruments and finance, insurance, and real estate companies see **Special Instructions**. Also see *Additional Instructions* item 29.)

Holding companies — Holding companies (ISI code 5512) must show total income. A conglomerate must determine its 4-digit ISI code(s) based on the activities of the fully consolidated U.S. domestic business enterprise. The "holding company" classification is often an invalid classification for a conglomerate. Please call BEA for further assistance before using code 5512.

Part III — FINANCIAL AND OPERATING DATA OF U.S. REPORTER

• Section A — Distribution of Sales or Gross Operating Revenues (Items 29—35)

Distribute sales consistent with the industry codes reported in column (1) of items 11—20. When a sale consists of both goods and services and cannot be unbundled (i.e., the goods and services are not separately billed), classify it as a good or service based on whichever accounts for a majority of the value. If actual figures are not available, give best estimates.

29. Sales or gross operating revenues, excluding sales taxes — Report gross operating revenues or gross sales minus returns, allowances, and discounts. Exclude sales or consumption taxes levied directly on the consumer. Exclude net value-added taxes and excise taxes levied on manufacturers, wholesalers, and retailers. Companies with ISI codes 5223, 5224, 5231, 5238, 5252 and 5331 should include interest income on this line. Insurance companies with ISI codes 5243 and 5249 should include gross investment income on this line. (Dealers in financial instruments and finance, insurance, and real estate companies see **Special Instructions**.)

• Section C — Number of Employees and Employee Compensation

44. Wages and salaries — Report gross earnings of all employees before deduction of employees' payroll withholding taxes, social insurance contributions, group insurance premiums, union dues, etc. Include time and piece rate payments, cost of living adjustments, overtime pay and shift differentials, bonuses, profit sharing amounts, and commissions. Exclude commissions paid to independent personnel who are not employees.

Include direct payments by employers for vacations, sick leave, severance (redundancy) pay, etc. Exclude payments made by, or on behalf of, benefit funds rather than by the employer. (Include employer contributions to benefit funds in "employee benefit plans.")

Include in-kind payments, valued at their cost, that are clearly and primarily of benefit to the employees as consumers. Do not include expenditures that benefit employers as well as employees, such as expenditures for plant facilities, employee training programs, and reimbursement of business expenses.

Employee benefit plans — Report employer expenditures for all employee benefit plans, including those mandated by government statute, those resulting from collective bargaining contracts, and those that are voluntary. Include Social Security and other retirement plans, life and disability insurance, guaranteed sick leave, workers' compensation insurance, medical insurance, family allowances, unemployment insurance, severance pay, etc. Also, include deferred postemployment and post retirement expenses per FASB 106. If plans are financed jointly by the employer and the employee, include only the contributions of the employer.

• Section E — Property, Plant, and Equipment (PP&E)

48. Expenditures for property, plant, and equipment (PP&E) — Include items leased from others (including land) under capital leases. Also include the capitalized value of timber, mineral, and similar rights leased by the U.S. Reporter from others. Do not include items the U.S. Reporter has sold under a capital lease.

Exclude from expenditures all changes in PP&E, resulting from a change in the entity (e.g., due to mergers, acquisitions, divestitures, etc.) or accounting principles during FY 2001.

For U.S. Reporters engaged in exploring for, or developing, natural resources, include exploration and development expenditures made during FY 2001 that were capitalized, including capitalized expenditures to acquire or lease mineral rights. Do not include adjustments for expenditures charged against income in prior years but subsequently capitalized during FY 2001.

• Section F — Research and Development Expenditures

49. R&D performed by the U.S. Reporter — Research and development (R&D) includes basic and applied research in science and engineering, and the design and development of prototypes and processes, if the purpose of such activity is to:

1. Pursue a planned search for new knowledge whether or not the search has reference to a specific application;
2. Apply existing knowledge to the creation of a new product or process, including evaluation of use; or
3. Apply existing knowledge to the employment of a present product or process.

R&D includes the activities described above, whether assigned to separate R&D organizational units of the company or conducted by company laboratories and technical groups that are not a part of a separate R&D organization.

Include all costs incurred to support R&D, including R&D depreciation and overhead. Exclude capital expenditures, routine product testing and quality control conducted during commercial production, geological and geophysical exploration, market research and surveys, and legal work pertaining to patents.

SPECIAL INSTRUCTIONS FOR DEALERS IN FINANCIAL INSTRUMENTS, FINANCE COMPANIES, INSURANCE COMPANIES AND REAL ESTATE COMPANIES

A. Certain realized and unrealized gains (losses) for dealers in financial instruments and finance, insurance, and real estate companies.

1. Dealers in financial instruments (including securities, currencies, derivatives, and other financial instruments) and finance and insurance companies — Include in item 37 (1) impairment losses, (2) realized gains or losses on trading or dealing, and (3) unrealized gains or losses due to changes in the valuation of financial instruments that flow through the income statement. **Do not include** in item 37 unrealized gains or losses due to changes in the valuation of financial instruments that are taken directly to retained earnings. (Report income attributable to fees or commissions in items 22 and 29.)

2. Real estate companies

Gains or losses from the sale, disposition, or revaluation of land, other property, plant and equipment, or other assets:

Realized gains and losses

Include gains or losses from the sale of real estate in the ordinary course of trade or business in item 22 and 29.

Impairment of long-lived assets

Include impairment losses, as defined by FASB 121, recognized during the period in item 37.

Unrealized gains

Include gains recognized due to the revaluation of real estate assets in item 47. Do not include these unrealized gains in item 37.

B. Special instructions for insurance companies

1. When there is a difference between the financial and operating data reported to stockholders and the data reported in the annual statement to an insurance department, prepare the BE-11 on the same basis as in the annual report to the stockholders. Valuation should be according to normal commercial accounting procedures, not at rates promulgated by national insurance departments, i.e., include assets not acceptable for inclusion in the annual statement to an insurance department. Include: **1.** non-trusted or free account assets and **2.** nonadmitted assets, such as furniture and equipment, agents' debit balances, and all receivables deemed to be collectible. Include mandatory securities valuation reserves that are appropriations of retained earnings in the owners' equity section of the balance sheet, not in the liability section.

2. Instructions for reporting specific items

a. Sales or gross operating revenues, excluding sales taxes (item 29) — Include items such as earned premiums, annuity considerations, gross investment income, and items of a similar nature. Exclude income from equity investments in unconsolidated business enterprises and exclude certain realized and unrealized gains or losses that are to be reported in item 37.

b. Certain realized and unrealized gains (losses) (item 37) See **Special Instruction A.1.**

c. Sales of services (item 34) — Include premium income and income from other services, if any.

d. Investment income (item 35) — Report that portion of sales or gross operating revenues that is investment income. However, report any gains or losses on investments in accordance with **Special Instruction A.1.**

e. Expenditures for property, plant, and equipment (item 48) — Include expenditures wherever classified in the balance sheet.